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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/687,063	10/16/2003	Thomas F. Conroy	MCEA-P3-03	8910
28710 7590 09/17/2007 PETER K. TRZYNA, ESQ. P O BOX 7131 CHICAGO, IL 60680			EXAMINER SHRESTHA, BIJENDRA K	
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			3691	
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**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

## Office Action Summary

Application No.

10/687,063

Applicant(s)

CONROY ET AL.

Examiner

Bijendra K. Shrestha

Art Unit

3691

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 16 October 2003.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-32 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-32 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 16 October 2003 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)            | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftperson's Patent Drawing Review (PTO-948)    | Paper No(s)/Mail Date. _____                                      |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date <u>See Continuation Sheet</u> .                                  | 6) <input type="checkbox"/> Other: _____                          |

Continuation of Attachment(s) 3). Information Disclosure Statement(s) (PTO/SB/08), Paper No(s)/Mail Date :01/04/2005, 08/24/2006, and 08/24/2007.

## DETAILED ACTION

### *Priority*

1. Acknowledgement is made of applicant's claim for priority to Provisional Application 60/446,811 filed on 02/12/2003 under 35 U.S.C. 119(e).

### ***Claim Rejections - 35 USC § 102***

2. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

Claims 1, 8-11 and 19-24 are rejected under 35 U.S.C. 102(b) as being anticipated by Hinckley Jr., U.S. Patent No. 6,138,102 (reference A35 in IDS filed on 08/24/2006).

3. As per claim 1, Hinckley, Jr. teaches a computer-aided method for managing cash flows for a transaction, the method including the steps of:

receiving respective descriptions of risks (see column 1, lines 14-21);

receiving statistical assumptions for said risks (see Fig. 7; column 3, lines 64-67 to column 4, lines 1-17);

receiving financial assumptions for said risks (see column 3, lines 41-60);

calculating, from the descriptions and the assumptions, expected cash flows corresponding to said risks for time periods (see abstract; Fig. 2; column 3; lines 38-40)

receiving actual cash flows information from occurrence of events corresponding to said risks (see abstract; Fig. 3, step 314; Fig. 7; step 703, column 3, lines 48-55) ;

accounting for a first party to the transaction owing the expected cash flows to a second party to the transaction, accounting for the second party owing the actual cash flows to the first party (see column 1, lines 34-57); and  
computing a net settlement, for each of said time periods, between the parties in the transaction to manage the actual cash flows and the expected cash flows (see Fig. 4a; column 3, lines 29-30).

4. As per claim 8, Hinckley, Jr. teaches claim 1 as described above. Hinckley, Jr. further teaches the method wherein

the step of calculating expected cash flows includes the step of processing said descriptions and said assumptions in calculating timing and amounts of benefits associated with said occurrence of events for the risks (see Figs. 4a, 4b and 5; column 5, lines 9-18, lines 61-67); and

wherein the step of computing the net settlement includes the step of inputting pricing data reflecting said transaction as an exchange between said parties (see Fig. 7; column 3, lines 19-23).

5. As per claim 9, Hinckley, Jr. teaches claim 8 as described above. Hinckley, Jr. further teaches the method wherein the step of inputting pricing data includes the step of:

inputting a definition of a relationship between the expected cash flows and the actual cash flows reflecting a symmetric exchange of non-proportional contractual exposures (see column 1, lines 44-48).

6. As per claim 10, Hinckley, Jr. teaches claim 8 as described above. Hinckley, Jr. further teaches the method wherein the step of inputting pricing data includes the step of:

inputting a definition of a relationship between the expected cash flows and the actual cash flows reflecting a symmetric exchange of proportional contractual exposures (see column 1, lines 54-57).

7. As per claim 11, Hinckley, Jr. teaches claim 8 as described above. Hinckley, Jr. further teaches the method the step of inputting pricing data includes the step of:

inputting a definition of a relationship between the expected cash flows and the actual cash flows reflecting an asymmetric exchange of proportional and non-proportional contractual exposures (see column 1, lines 44-48; lines 54-57).

8. As per claim 19-22, Hinckley, Jr. teaches the method of claim 1 as described above. Hinckley, Jr. further teaches the method wherein

the step of receiving statistical assumptions includes receiving rates of decrement, rates of decrement associated with insurable risk coverage of individuals, rates of decrement associated with insurable risk exposures to individuals and rates of decrement associated with a reinsurance treaty (see Fig. 7; step 721; column 4, lines 15-23).

9. As per claim 23, Hinckley, Jr. teaches the method of any one of claim 19-22 as described above. Hinckley, Jr. further teaches the method wherein

the step of receiving financial assumptions includes receiving at least one of a group consisting of a discount rate, an expense, and a fee (see column 3, lines 56-60).

10. As per claim 24, Hinckley, Jr. teaches the method of any one of claim 19-22 as described above. Hinckley, Jr. further teaches the method including

the step of updating at least one of a member of a group consisting of said, descriptions, statistical assumptions, financial assumptions, and actual cash flows information from the occurrence of at least one of said events (see Fig. 4a; step 414).

### ***Claim Rejections - 35 USC § 103***

11. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

12. Claims 2-7, 12-18 and 25-32 are rejected under 35 U.S.C. 103(a) as being unpatentable over Hinckley, Jr., U.S. Patent No. 6,138,102 (reference A35 in IDS filed on 08/24/2006), in view of Kelly et al. U.S. Patent No. 5,806,042 (reference A30 in IDS filed on 08/24/2006).

13. As per claim 2-7, Hinckley, Jr. teaches claim 1 as described above.

Hinckley, Jr. does not teach teaches the method wherein the step of receiving respective descriptions of risks includes receiving respective characteristics of said risks

associated with contractual exposures from respective insurable risk coverage of individuals, respective contractual insurable risk exposure to individuals, contractual exposures from corporate-owned life insurance coverage of individuals, contractual exposures from bank-owned life insurance coverage of individuals, corporate contractual benefit payment exposures to individuals and contractual exposures in a reinsurance treaty.

Kelly et al. teach teaches the method wherein the step of receiving respective descriptions of risks includes receiving respective characteristics of said risks associated with contractual exposures from respective insurable risk coverage of individuals, respective contractual insurable risk exposure to individuals, contractual exposures from corporate-owned life insurance coverage of individuals, contractual exposures from bank-owned life insurance coverage of individuals, corporate contractual benefit payment exposures to individuals and contractual exposures in a reinsurance treaty (see Fig. 1; column 6, lines 5-42)

Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of primary reference Hinckley, Jr. by including above mentioned features because Kelly et al. teach that including these features would enable to offset employee benefit expense.

14. As per claim 12, Hinckley, Jr. teaches the method in claim 2-6 as described above. Hinckley, Jr. further teaches the method the step of inputting pricing data includes the step of:



the step of processing responsive to data reflecting securitizing of funding for the contractual exposures (see Fig. 1; column 2, lines 24-34) .

15. As per claim 13-15, Hinckley, Jr. teaches claim 12 as described above. Hinckley, Jr. further teaches the method including

the step of calculating the impact of the transaction on the securitizing, tranches for the securitizing, and the step of determining an effect of said transaction on a securitization pool (see Fig. 4a-4c; Fig. 5).

16. As per claim 16, Hinckley, Jr. in view Kelly et al. teach any one of claim 2-7 as described above.

Hinckley, Jr. does not teach the method wherein the step of receiving respective descriptions of risks includes receiving nominal death benefit face amounts for said contractual exposures; and wherein the step of receiving statistical assumptions includes receiving expected mortality rates; and further including the steps of: incorporating margins and loadings in developing expected mortality rates for the transaction; and determining expected timing and expected amount of death benefits using said expected mortality rates and said characteristics of said risks associated with said contractual exposures.

Kelly et al. teach the method wherein the step of receiving respective descriptions of risks includes receiving nominal death benefit face amounts for said contractual exposures (see Fig. 3; column 7, lines 16-31; 57-66) and wherein the step of receiving statistical assumptions includes receiving expected mortality rates; and further including the steps of: incorporating margins and loadings in developing expected

mortality rates for the transaction; and determining expected timing and expected amount of death benefits using said expected mortality rates and said characteristics of said risks associated with said contractual exposures (see fig. 3; column 8, lines 20-40).

Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of primary reference Hinckley, Jr. by including above mentioned features because Kelly et al. teach that including these features would enable generate earnings from cash surrender values and death benefits to offset a substantial portion of expenditure under employees benefit plans (Kelly et al., column 6, lines 19-22).

17. As per claim 17, Hinckley, Jr. in view Kelly et al. teach any of claim 2-7 as described above.

Hinckley, Jr. does not teach the step of receiving respective descriptions of risks includes receiving respective characteristics of said risks associated with at least one member of a group consisting of a plurality of individuals and a group of individuals.

Kelly et al. teach the step of receiving respective descriptions of risks includes receiving respective characteristics of said risks associated with at least one member of a group consisting of a plurality of individuals and a group of individuals (see column 7, lines 32-44).

Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of primary reference Hinckley, Jr. by including above mentioned features because Kelly et al. teach that including these features would enable generate earnings from cash surrender values and death

Art Unit: 3691

benefits to offset a substantial portion of expenditure under employees benefit plans (Kelly et al., column 6, lines 19-22).

18. As per claim 18, Hinckley, Jr. in view Kelly et al. teach claim 17 as described above.

Hinckley, Jr. does not teach the step of receiving respective characteristics of risks associated with said member of the group includes receiving at least one characteristic from a group consisting of age, sex, mortality rating, morbidity rating, compensation, position, job class, and years of service.

Kelly et al. teach above features (see Fig. 3, input data (151-154)).

Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of primary reference Hinckley, Jr. by including above mentioned features because Kelly et al. teach that including these features would enable generate earnings from cash surrender values and death benefits to offset a substantial portion of expenditure under employees benefit plans (Kelly et al., column 6, lines 19-22).

19. As per claim 25-27, Hinckley, Jr. in view Kelly et al. teach claim 16 as described above.

Hinckley, Jr. does not teach the step of:

receiving actual cash flows information from occurrence of events corresponding to said risks includes receiving information on actual timing and actual amounts of death benefits, respectively for each of said individuals;

computing a net settlement further includes tracking the expected timing and the expected amount of death benefits, respectively for each of said individuals;

tracking the actual timing the actual amounts of death benefits; and tracking net settlements for the time periods of the transaction;

computing a net settlement includes forming a historical record of the expected timing and the expected amount of death benefits, actual timing and information on actual amounts of death benefits, respectively for each of said individuals, and each said net settlement for each of said time periods.

Kelly et al. teach above features (see Fig. 8).

Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of primary reference Hinckley, Jr. by including above mentioned features because Kelly et al. teach that including these features would enable the computer system to verify, reconcile and consolidate different financial values (Kelly et al., column 3, lines 47-55).

20. As per claim 28, Hinckley, Jr. in view Kelly et al. teach claim 16 as described above.

Hinckley, Jr. does not teach the method including the steps of: providing the second party with documentation of said cash flows ; and illustrating a transaction fee from the second party to the first party, including illustrating said transaction fee incorporated in the net settlement.

Kelly et al. teach the method including the steps of: providing the second party with documentation of said cash flows (see Fig. 8, client reporting system (290)) and;

and illustrating a transaction fee from the second party to the first party, including illustrating said transaction fee incorporated in the net settlement (see Fig. 8, Administrative support system (310); Examiner takes official notice that net settlement involves transaction fees ).

Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of primary reference Hinckley, Jr. by including above mentioned features because Kelly et al. teach that including these features would enable the computer system to verify, reconcile and consolidate different financial values (Kelly et al., column 3, lines 47-55).

21. As per claim 29, Hinckley, Jr. in view Kelly et al. teach claim 16 as described above.

Hinckley, Jr. further does not teach method including the steps of accounting for the first party receiving a fee for early termination of transaction.

Kelly et al. teach method including the steps of accounting for the first party receiving a fee for early termination of transaction (see column 14, lines 54-61; The Examiner takes official notice early the termination of insurance contract involves surrender charge where in some cases lead to forfeiture of accumulated cash value).

22. As per claim 30, Hinckley, Jr. in view Kelly et al. teach claim 16 as described above.

Hinckley et al. does not teach the step of receiving data identifying the second party as an entity having ownership rights to contractual exposures on more than one life of said individuals.

Kelly et al. teach the method wherein the step of receiving data identifying the second party as an entity having ownership rights to contractual exposures on more than one life of said individuals (see Fig. 1; column 6, lines 5-24).

Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of primary reference Hinckley, Jr. by including above mentioned features because Kelly et al. teach that including these features would enable earnings from cash surrender values and death benefits to offset a substantial portion of expenditure under employees benefit plans (Kelly et al., column 6, lines 19-22).

23. As per claim 31, Hinckley, Jr. in view Kelly et al. teach claim 16 as described above. Hinckley, Jr. further teaches the method including

the step of receiving data identifying the transaction as pursuant to a contract binding the parties (see column 3, lines 19-23; 38-40).

24. As per claim 32, Hinckley, Jr. in view Kelly et al. teach claim 31 as described above. Hinckley, Jr. further teaches the method including

the step of receiving data identifying the transaction as having a portion renewable on a period-to-period basis (see column 3, lines 19-25; the Examiner notes that insurance will be required to renewed period-to-period basic to maintain availability of death benefits).

### ***Conclusion***

Art Unit: 3691

25. The prior art made of record and not relied upon is considered pertinent to applicant's disclosures. The following are pertinent to current invention, though not relied upon:

Adams et al. (U.S. Patent No. 6,154,730) teach facility-based financing system.

Banks et al. (U.S. Patent No. 5,913,198) teach system and method for designing and administering survivor benefits plans

Lang (U.S. Pub No. 2004/0088201) teaches method and system for financing future needs.

Meyer et al. (U.S. Patent No. 5,907,828) teach system and method for implementing and administering lender-owned credit life insurance policies.

Meyer et al. (U.S. Patent No. 6,330,541) teach system and method for controlling and securitizing the cash value growth and /or death benefits of a large pool of insurance policies.

Roberts et al. (U.S. Patent No. 4,839,804) teach method and apparatus for insuring the funding of a future liability of uncertain cost.

Ryan et al. (U.S. Patent No. 5,590,037) teach digital computer system and method for computing a financial projection and an illustration of a pre-funding program for an employee benefit.

Sandretto (U.S. Patent No. 5,812,988) teaches method and system for jointly estimating cash flows simulated returns, risk measures and present value of a plurality of assets.

Walker et al. (U.S. Patent No. 5,884,274) teach system and method for generating an executing insurance policies for foreign exchange losses.

Woodley (U.S. Pub No. 2002/0178111) teaches portfolio hedging method.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Bijendra K. Shrestha whose telephone number is (571)270-1374. The examiner can normally be reached on 7:00AM-4:30PM (Monday-Friday); 2nd Friday OFF.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Alexander Kalinowski can be reached on (571)272-6771. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.



Application/Control Number: 10/687,063  
Art Unit: 3691

Page 15

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